CONTRANS CORP

THE NEXT GENERATION CARRIER

VAN

FLATBED

TANK/LIQUID

DUMP

ANNUAL REPORT 2000

CONTRANS CORP. IS A PUBLICLY TRADED HOLDING COMPANY LISTED ON THE TORONTO STOCK EXCHANGE.

IT IS ONE OF THE LARGEST CANADIAN TRUCKING ORGANIZATIONS. CONTRANS' SUBSIDIARIES PROVIDE TRUCKLOAD TRANSPORTATION SERVICES THROUGHOUT NORTH AMERICA.

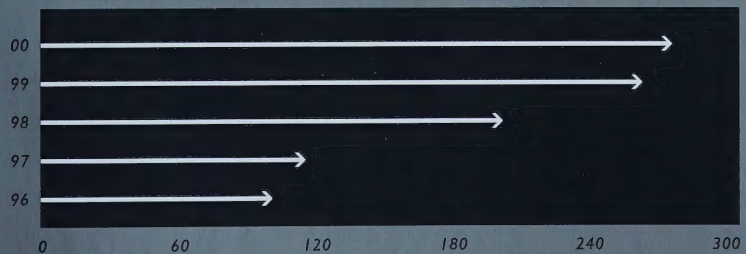
CONTRANS CORP. TERMINAL LOCATIONS

FINANCIAL HIGHLIGHTS

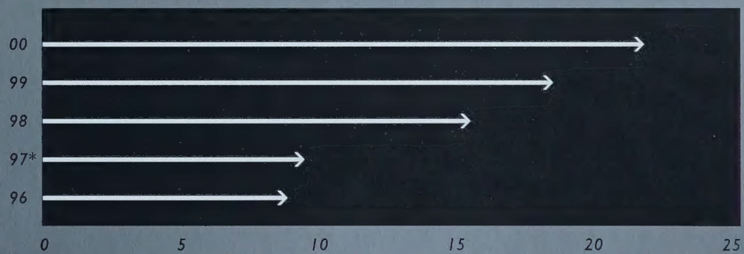
Year Ended August 31 (000's omitted except per share amounts)	**2000**	1999	1998	1997	1996
Revenue	**$ 270,945**	$ 258,062	$ 198,289	$ 113,067	$ 99,065
EBIT	**22,058**	18,630	15,675	9,714*	9,087
Net Income	**10,709**	8,732	8,217	5,802	4,856
Earnings Per Share (Basic)	**2.18**	1.68	1.81	1.41	1.14

CONTRANS ESTABLISHED NEW COMPANY RECORDS FOR EARNINGS AND REVENUE AGAIN IN 2000.

REVENUE ($ millions)



EBIT ($ millions)



* Excludes extraordinary gain.

REPORT FROM THE CHAIRMAN AND PRESIDENT

Much of our focus this year was on under performing operations that we acquired over the last few years.

Contrans Corp. had its best year ever. Revenues amounted to $271 million, net income was $10.7 million and basic earnings per share amounted to $2.18. These results exceed previous highs for revenue, net income and basic earnings per share of $258 million, $8.7 million and $1.81 respectively. This achievement is a tribute to the skill and dedication of the Company's employees. Their commitment to exceeding personal and organizational goals continues to make Contrans one of the most successful trucking companies in Canada.

Much of our focus this year was on under performing operations that we acquired over the last few years. Although changes previously made produced considerable improvements, it was evident that further rationalization was necessary this year. Where unprofitable freight could not be replaced with traffic that could generate a reasonable return, it was dropped and surplus equipment was sold. We also closed two locations and folded them into other operating divisions thus eliminating redundant overhead costs. These efforts made an important contribution to this year's record performance. We continue to be committed to making further improvements in these and all areas of our operations.

The price of fuel rose dramatically during the year. We instituted a fuel surcharge program that, through the support of our customers, has helped mitigate the effects on the Company and our owner-operators. In light of recent media reports, continued volatility in fuel prices should not come as a surprise. Our fuel surcharge program will enable us to concentrate more on maintaining high service levels and improving the profitability of our operations without fear of rapid bottom line deterioration.

There has been a prolonged shortage of qualified owner-operators and drivers in the trucking industry. At Contrans, we realize that we have to do more than just keep our rates of pay competitive to minimize turnover. We have made significant investments to provide appealing work environments. Our terminal facilities are first class, offering comfortable lounges where paperwork can be done and rest can be had before

AS WE EXPECTED, THE TREND OF CONSOLIDATION IN OUR INDUSTRY CONTINUED DURING THE YEAR . . .

In these circumstances, we believe that the best way to increase shareholder value is by continuing to focus on the profitability of our operations and reducing our debt rather than pursuing an aggressive growth strategy.

heading out for the next load. Several of our terminals have wash bays that provide an economical and convenient way for owner-operators to care for their investments. Similarly, providing clean showers and laundry facilities are simple amenities that we like to provide for our owner-operators and driving professionals.

We have recently seen signs of a softening economy. Volumes from some of our customers, particularly those in economically sensitive industries, have fallen off somewhat. Furthermore, these customers are not as bullish about their own prospects as they were a year ago. We are also concerned that the full impact of higher fuel prices has yet to be felt throughout the economy. Further increases in the cost of fuel are also possible which could have grave economic consequences. Factory production of trucks and trailers has decreased significantly, highlighted by large layoffs. Historically, this part of the manufacturing sector has been at the forefront of changing economic cycles. If these are early indicators of a further weakening of the economy, the level of earnings that we achieved last year are not likely sustainable. Should the economy remain strong, however, we believe that we can achieve strong earnings growth again in 2001.

As we expected, the trend of consolidation in our industry continued during the year as several large transactions occurred in Canada. These deals, however, had little or no impact on the low trading multiples of the purchasers or, indeed, the industry in general. In these circumstances, we believe that the best way to increase shareholder value is by continuing to focus on the profitability of our operations and reducing our debt rather than pursuing an aggressive growth strategy. Moreover, a stronger balance sheet will also put us in an enviable position if the economy slows at a rate much quicker than what economists have predicted. In the meantime, we hope that the market will rediscover the value of strong, consistent earnings. This would allow us to act on growth opportunities without compromising the strength of the Company's financial position and provide a more deserving return to our shareholders.

Respectfully submitted,

Stan G. Dunford
Chairman of the Board
and President
October 16, 2000

Due to inadequate profit levels, management decided to fold two divisions into other existing operations. This reduced overhead costs and improved operating efficiencies.

Results from Operations

Revenue for the year ended August 31, 2000 was $271 million, an increase of $12.9 million over 1999. Increases in revenue came from internal growth ($12.4 million) and acquisitions ($7.2 million). Rationalization of unprofitable freight reduced revenue by $6.7 million.

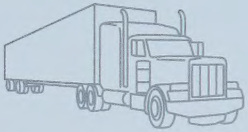
Income from operations increased in 2000 to $23.2 million from $19.6 million in 1999, primarily due to volume increases and reduced overhead expenses. During the year, in response to higher fuel costs, the Company levied fuel surcharges that kept operating expenses, as a percentage of revenue, constant compared to 1999. Due to inadequate profit levels, management decided to fold two divisions into other existing operations. This reduced overhead costs and improved operating efficiencies.

Year Ended August 31 (000's omitted)	2000		1999	
Revenue	**$ 270,945**	**100.0%**	$ 258,062	100.0%
Operating expenses	**216,379**	**79.8**	206,334	80.0
Selling, general and administration expenses	**23,298**	**8.6**	25,227	9.8
Depreciation	**8,042**	**3.0**	6,925	2.7
Income From Operations	**23,226**	**8.6**	19,576	7.5
Interest – Long-term	**2,319**	**0.8**	1,746	0.7
– Short-term	**268**	**0.1**	650	0.3
Income Before Income Taxes and Goodwill Charges	**20,639**	**7.7**	17,180	6.5
Provision for Income Taxes	**8,906**	**3.3**	7,646	2.9
Income Before Goodwill Charges	**11,733**	**4.4**	9,534	3.6
Goodwill Charges	**1,024**	**0.4**	802	0.3
Net Income	**$ 10,709**	**4.0%**	$ 8,732	3.3%

Liquidity and Capital Resources

The Company's current ratio improved to 1.2 as at August 31, 2000 from 1.0 as at August 31, 1999 on the strength of continued improvement in operating cash flow and a shift from short-term to long-term borrowings. The Company typically uses working capital to fund 30% of rolling stock purchases, 100% of share repurchases as well as for operating activities.

CONTRANS CORP. ENDED ITS FISCAL YEAR 2000 WITH $271 MILLION IN REVENUE AND NET INCOME OF $10.7 MILLION, BOTH NEW RECORDS FOR OUR COMPANY.



Contrans has provided relief to its owner-operators through its fuel surcharge programs and, through various industry groups, has encouraged other carriers to do the same.

During the year, the Company made $17.4 million in capital expenditures. The majority of this was for replacing and upgrading rolling stock and to service new business. At the end of the fiscal year, Contrans Corp. had unutilized long-term debt facilities of approximately $25 million and another $26 million available in its operating line. In addition, with the exception of one of its properties, the Company's real estate holdings are unencumbered and are available for use as collateral should there be a need for further borrowing. As at August 31, 2000, the Company was in compliance with all covenants contained in its lending agreements.

Business Risks

General levels of economic activity affect the Company. A large, diverse customer base helps minimize this risk. Several of the Company's largest customers are in industries where demand for their goods is relatively inelastic.

The Company is subject to certain U.S. dollar exchange risks. The Company's U.S. dollar billings exceed its U.S. dollar costs. Operationally, the relative weakness of the Canadian dollar against the U.S. dollar affects the flow of goods between Canada and the U.S. as well as the competition for this freight. The Company competes effectively by providing high levels of service to service-sensitive customers.

Contrans is subject to lawsuits from accidents and other insurable risks. The Company maintains prudent levels of insurance coverage and high safety standards to minimize this exposure. Furthermore, the Company contracts only with insurers licensed to underwrite in Canada. The Canadian insurance industry is highly regulated with stringent capital and liquidity requirements.

The Company relies heavily on the services of owner-operators for its hauling capacity. The dramatic rise in the price of fuel over the past year has exerted serious cost pressure on these independent truckers. Without relief, many

Contrans has a conservative mix of fixed and floating rate debt instruments to reduce the risk from fluctuating interest rates. Furthermore, the Company strives to minimize overall debt levels.

owner-operators could go out of business and make an already tight market for their services even tighter. Contrans has provided relief to its owner-operators through its fuel surcharge programs and, through various industry groups, has encouraged other carriers to do the same.

The Company is subject to changes in the cost of borrowing. Contrans has a conservative mix of fixed and floating rate debt instruments to reduce the risk from fluctuating interest rates. Furthermore, the Company strives to minimize overall debt levels.

Outlook

Management is concerned over signs of softness in the economy. Although a weakened economy will adversely affect our volumes and profits, we believe that the Company is positioned well for such an eventuality. The Company has made significant investments over the past few years to upgrade its fleet of tractors and trailers. During this period, solid profit performances have enabled us to do this and strengthen our balance sheet at the same time. Conversely, if the economy should continue to expand, we expect further improvement in Contrans' financial results.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Contrans Corp. and all the information in this annual report are the responsibility of management and have been reviewed and approved by the Board of Directors.

Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles. Where alternative accounting methods exist, management has chosen those methods most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgement. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the financial information presented throughout the annual report is consistent with that in the financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that the financial information is accurate and complete and that the Company's assets are adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Board appoints an Audit Committee, which is comprised of outside directors. The Committee meets quarterly with management and regularly with the Company's external auditors, PricewaterhouseCoopers LLP, to discuss internal controls, auditing matters and financial reporting issues. PricewaterhouseCoopers LLP has full and free access to the Audit Committee. The Committee reports its findings to the Board who approve the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the auditors.

Stan G. Dunford
Chairman and President
October 6, 2000

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of Contrans Corp.

We have audited the consolidated balance sheets of Contrans Corp. as at August 31, 2000 and 1999 and the consolidated statements of operations, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2000 and 1999 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants
Hamilton, Canada
October 6, 2000

CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended August 31 (000's omitted except per share amounts)	2000	1999
Revenue	$ 270,945	$ 258,062
Operating expenses	216,379	206,334
Selling, general and administration expenses	23,298	25,227
Depreciation	8,042	6,925
Income From Operations	23,226	19,576
Interest – Long-term	2,319	1,746
– Short-term	268	650
Income Before Income Taxes and Goodwill Charges	20,639	17,180
Income Taxes (Note 7)	8,906	7,646
Income Before Goodwill Charges	11,733	9,534
Goodwill charges – net of income taxes recoverable of $144 (1999 – $144)	1,024	802
Net Income	$ 10,709	$ 8,732
Earnings Per Share		
Income Before Goodwill Charges		
Basic	$ 2.39	$ 1.83
Fully diluted	$ 2.26	$ 1.77
Net Income		
Basic	$ 2.18	$ 1.68
Fully diluted	$ 2.07	$ 1.62

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Year Ended August 31 (000's omitted)	2000	1999
Retained Earnings – Beginning of Year	$ 22,362	$ 17,474
Net income	10,709	8,732
Premium paid on purchase of the Company's common shares (Note 6)	(2,773)	(3,844)
Retained Earnings – End of Year	$ 30,298	$ 22,362

The accompanying notes are an integral part of these statements.

Year Ended August 31 (000's omitted)	2000	[illegible]
Assets		
Current Assets		
Cash	$ 3,881	$ 163
Accounts receivable – Trade	29,798	34,089
Accounts receivable – Other	2,162	2,336
Inventories	810	953
Prepaid expenses	1,403	2,533
	38,054	40,074
Fixed Assets (Note 3)	77,679	67,637
Goodwill	8,918	7,368
	$ 124,651	$ 115,079
Liabilities		
Current Liabilities		
Operating loan (Note 4)	$ —	$ 13,134
Accounts payable and accrued liabilities	19,475	19,734
Income taxes payable	1,014	699
Current portion of long-term debt (Note 4)	10,606	7,017
	31,095	40,584
Long-Term Debt (Note 4)	28,952	19,618
Future Income Taxes	10,067	7,009
	70,114	67,211
Shareholders' Equity		
Capital Stock (Note 6)	24,239	25,506
Retained Earnings	30,298	22,362
	54,537	47,868
	$ 124,651	$ 115,079

The accompanying notes are an integral part of these statements.

Signed on behalf of the Board

Stan G. Dunford, Director **Archie M. Leach, C.A.,** Director

Year Ended August 31 (000's omitted)	2000	1999
Cash Flows From Operating Activities		
Net income	**$ 10,709**	$ 8,732
Items not affecting cash:		
Depreciation and amortization	**9,210**	7,871
Future income taxes	**2,323**	1,283
Gain on sale of fixed assets	**(382)**	(249)
	21,860	17,637
Change in non-cash working capital (Note 12)	**5,628**	(8,065)
Cash Flows From Operating Activities	**27,488**	9,572
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	**4,772**	3,511
Purchase of fixed assets	**(17,394)**	(26,059)
Expended on acquisition (Note 2)	**(3,161)**	—
Net Cash Used in Investing Activities	**(15,783)**	(22,548)
Cash Flows From Financing Activities		
Proceeds from (repayment of) operating loan	**(14,463)**	9,247
Proceeds from long-term debt	**25,175**	17,884
Repayment of long-term debt	**(14,159)**	(9,290)
Repurchase of common shares (Note 6)	**(4,540)**	(5,657)
Issue of common shares (Note 6)	**—**	748
Net Cash Provided From (Used in) Financing Activities	**(7,987)**	12,932
Increase (Decrease) in Cash	**3,718**	(44)
Cash – Beginning of Year	**163**	207
Cash – End of Year	**$ 3,881**	$ 163

The accompanying notes are an integral part of these statements.

1. Significant Accounting Policies

(A) Principles of consolidation

The purchase method of accounting for business combinations has been used and the accounts of all subsidiaries have been consolidated with those of the parent company.

(B) Inventories

Inventories are carried at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

(C) Fixed assets and depreciation

Fixed assets are valued at acquisition cost less accumulated depreciation. Depreciation is provided over the estimated service lives of the assets, as follows:

Land Improvements and Buildings – Straight line over 15 to 40 years

Rolling Stock – Tractors – 25% declining balance
Trailers – Straight line over 10 to 15 years

Service Vehicles and Other Equipment – 20% to 30% declining balance

Management periodically reviews the estimated service lives of these assets and adjusts depreciation accordingly.

(D) Goodwill

Goodwill is amortized on a straight-line basis over ten years. Accumulated amortization as at August 31, 2000 was $3,320,000 (1999 – $2,152,000). Management periodically reviews the value assigned to goodwill. Based upon expected future operating cash flows on an undiscounted basis, management has determined that goodwill has not been impaired in either fiscal 2000 or in fiscal 1999.

(E) Revenue recognition

The Company recognizes revenue when freight services are provided.

(F) Income taxes

The Company follows the liability method of accounting for income taxes. The liability method measures income taxes based on temporary differences between the financial reporting and tax basis of assets and liabilities.

(G) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed on a regular basis, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

(H) Company operations

The Company operates primarily in one business segment, the truckload transportation industry, based in Canada.

2. Acquisition

On December 1, 1999, the Company acquired the shares of Glen Tay Transportation Ltd.

The fair value of assets acquired was $7,427,000 including goodwill of $2,718,000. Liabilities of $3,766,000 were assumed. Consideration consisted of $3,161,000 in cash and $500,000 in common shares. The acquisition has been accounted for by the purchase method and results of operations have been included from the date of acquisition.

3. Fixed Assets *(000's omitted)*

August 31,	2000			1999		
	Cost	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
Land and improvements	**$ 7,227**	**$ 638**	**$ 6,589**	$ 6,191	$ 552	$ 5,639
Buildings	**16,465**	**2,745**	**13,720**	15,571	2,464	13,107
Rolling stock and other equipment	**75,800**	**18,430**	**57,370**	63,450	14,559	48,891
	$ 99,492	**$ 21,813**	**$ 77,679**	$ 85,212	$ 17,575	$ 67,637

4. Long-Term Debt

(000's omitted)

	2000	1999
Term bank loans with interest fixed at rates between 7.12% and 7.75% (6.5% and 7.61% at August 31, 1999)	**$ 18,121**	$ 10,079
Notes payable with fixed and floating interest rates between 7.25% and 7.67% (6.5% and 7.25% at August 31, 1999)	**17,835**	11,270
Equipment finance contracts with fixed and floating interest rates between 6.75% and 11% [illegible]75% and 11.89% at August 31, 1999)	**1,277**	3,124
Other unsecured loans, with interest at varying rates and due dates	**2,325**	2,162
	39,558	26,635
Less: Current portion	**(10,606)**	(7,017)
	$ 28,952	$ 19,618

The term bank loans are repayable in equal monthly payments and mature at dates between January 2001 and December 2004. The Company has pledged by way of a floating charge, all of the Company's [illegible] for the operating loan and term bank loans.

Notes payable are repayable in equal monthly payments and mature at dates between February 2002 and September 2005. Liens on rolling stock with a net book value of approximately $30.6 million have been provided as security.

The equipment finance contracts are repayable monthly and mature at dates between September 2000 and February 2004. Liens on rolling stock with a net book value of approximately $1.5 million have been provided as security.

The aggregate amounts of minimum payments required on long-term debt in each of the next five years to meet retirement provisions are as follows (000's omitted):

Year ending August 31,

2001	$ 10,606
2002	9,310
2003	8,579
2004	6,475
2005	2,263
Thereafter	2,325
	$ 39,558

5. Contingencies

OUTSTANDING LITIGATION

In September 1994, an action was filed by certain former employees against the Company's wholly-owned subsidiary, Laidlaw Carriers Inc. ("Laidlaw") and an Ontario loan and trust company. The litigation involves the valuation of the employees' benefit plans in 1988. The Company has recorded in the accounts an amount sufficient to resolve this action.

In September 1994, another action was filed against Laidlaw and the same trust company by other former employees. The characteristics of this action are significantly different from the action discussed above. Management is unable to determine the outcome of this lawsuit at this time. A provision has been made in the accounts for legal costs in connection with this lawsuit.

6. Capital Stock

AUTHORIZED

Unlimited numbers of Class A Subordinate Voting Shares ("Class A Shares") and Class B Multiple Voting Shares ("Class B Shares") are authorized. The holder of each Class B Share is entitled to ten votes. No dividends may be paid on the Class B Shares unless an equal dividend per share is paid on the Class A Shares.

ISSUED AND FULLY PAID

(000's omitted)

August 31,	[illegible]		[illegible]	
	Shares	**Amount**	Shares	Amount
Class A Shares	**4,366**	**$ 22,941**	4,668	$ 24,208
Class B Shares	**367**	**1,298**	367	1,298
		$ 24,239		$ 25,506

STOCK OPTIONS

Stock options exercised during fiscal 1999 amounted to 184,780. This exercise represented the final block of outstanding options remaining from the 1994 Stock Option Plan for senior employees. Following the exercise, the Plan was cancelled.

Also during fiscal 1999, following the exercise of options noted above, a new Stock Option Plan was approved by shareholders of the Company

with 476,000 Class A Shares reserved for issuance. Options to purchase 354,780 shares (1999 – 344,780) have been granted as follows:

Options Granted	Date Granted	Exercise Price	Expiry Date
344,780	December 1998	$ 12.41	October 2008
10,000	November 1999	$ 14.50	November 2004

No options have been exercised under the Stock Option Plan that was approved in fiscal 1999.

Acquisition of shares

Pursuant to a Normal Course Issuer Bid, the Company purchased 336,000 of its own Class A Subordinate Voting Shares during 2000 (350,000 during fiscal 1999) for total consideration of $4,540,000 ($5,657,000 in fiscal 1999). The excess of the purchase price over the book value of the shares was charged to retained earnings. The shares were immediately cancelled.

Other changes

During 2000, the Company issued 34,483 shares valued at $500,000 as partial payment for a business acquisition described in Note 2.

7. Income Taxes

[illegible] reconciles the Company's effective income tax rate with the basic income tax rate:

Year Ended August 31,	2000	1999
	%	%
Combined basic Canadian federal and provincial income tax rate	**44.3**	44.6
Non-deductible items and other adjustments	**0.7**	1.6
Effective tax rate	**45.0**	46.2

8. Lease Commitments (000's omitted)

Future minimum lease payments under operating leases for premises and equipment in aggregate amount to $16,779 and in each of the next five years are as follows:

Year ending August 31,	
2001	$ 7,676
2002	5,182
2003	2,035
2004	1,217
2005	669

9. Financial Instruments (000's omitted)

The carrying values of accounts receivable – trade, accounts receivable – other, and accounts payable and accrued liabilities approximate their fair value. The fair value of long-term debt is determined at the net present value of contractual future payments of principal discounted at current market rates of interest for similar debt instruments with terms stretching over the remaining lives of the outstanding loans. Floating rate debt is assumed to be carried at its fair value.

August 31,	2000		1999	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Long-term debt	**$ 39,558**	**$ 39,472**	$ 26,635	$ 26,430

10. Related Party Transactions *(000's omitted)*

The Company had business transactions with a company controlled by the Chairman of the Company as follows:

Year Ended August 31,	2000	1999
Transactions during the year:		
Equipment purchases	**$ 3,251**	$ 308
Rental income	**140**	140
Repairs and maintenance	**1,791**	2,741
Other	**42**	36
Balance at end of year:		
Accounts payable	**66**	290
Accounts receivable	**6**	17

These transactions were carried out in the normal course of business and are measured at exchange amount, which is the amount of consideration established and agreed to by the related party.

11. Earnings Per Share

Earnings per share are calculated using the weighted average number of shares. The weighted average number of shares was 4,918,000 (1999 – 5,198,000 shares).

Fully diluted earnings per share reflects the dilutive effect of the exercise of stock options as disclosed in Note 6. The number of shares for the fully diluted earnings per share calculation was 5,272,000 shares (1999 – 5,457,000). Interest on the funds which would have been received had the options been exercised would have amounted to $181,000 (1999 – $122,000) on an after-tax basis.

12. Cash Flow Statements *(000's omitted)*

Changes in non-cash working capital:

August 31,	2000	1999
Decrease (increase) in trade and other receivables	**$ 5,323**	$ (2,392)
Decrease in inventories	**143**	30
Decrease in prepaid expenses	**1,231**	1,487
Decrease in trade payables and accruals	**(1,339)**	(5,063)
Increase (decrease) in income taxes payable	**270**	(2,127)
	$ 5,628	$ (8,065)

Cash provided by operating activities includes cash paid in respect of:

August 31,	2000	1999
Interest	**$ 2,610**	$ 2,485
Income taxes	**6,313**	8,346

13. Quarterly Financial Information

(unaudited) (000's omitted except per share amounts)	Revenue	Net Income	Earnings Per Share (Basic)
Year ended August 31, 2000			
First Quarter	**$ 71,172**	**$ 2,816**	**$ 0.56**
Second Quarter	**64,660**	**1,973**	**0.40**
Third Quarter	**67,817**	**2,879**	**0.59**
Fourth Quarter	**67,296**	**3,041**	**0.64**
Year ended August 31, 1999			
First Quarter	$ 63,543	$ 2,229	$ 0.42
Second Quarter	59,837	1,570	0.30
Third Quarter	67,385	2,274	0.44
Fourth Quarter	67,297	2,659	0.53

Year Ended August 31 (unaudited)	**2000**	1999	1998	1997	1996
Return on equity (1)	**20.9%**	19.0%	26.6%	37.8%	43.4%
Operating ratio (2)	**91.9%**	92.8%	92.1%	91.4%	90.8%
Debt to equity (3)	**1.29**	1.40	1.25	2.31	2.35
Cash flow (4)	**$ 21,860**	$ 17,637	$ 13,158	$ 9,370	$ 8,868
Cash flow per share (5)	**$ 4.44**	$ 3.39	$ 2.90	$ 2.27	$ 2.09
Book value per share (6)	**$ 11.52**	$ 9.51	$ 8.47	$ 4.38	$ 3.14
Earnings per share – Basic (7)	**$ 2.18**	$ 1.68	$ 1.81	$ 1.41	$ 1.14
Earnings per share – Fully diluted (8)	**$ 2.07**	$ 1.62	$ 1.75	$ 1.33	$ 1.04
Price earnings ratio (9)	**7.1**	9.2	8.3	5.7	4.1
Weighted average number of shares outstanding – Basic (10)	**4,918**	5,198	4,531	4,119	4,248
Weighted average number of shares outstanding – Fully diluted (10)	**5,272**	5,457	4,716	4,378	4,705

(1) Return on equity was calculated by dividing net income by average shareholders' equity

(2) Operating ratio was calculated by dividing total expenses before interest and taxes by revenue

(3) Debt to equity was calculated by dividing total debt (including future tax obligations) by shareholders' equity

(4) Cash flow was calculated as cash from operations before the effect of changes in non-cash working capital (thousands omitted)

(5) Cash flow per share was calculated by dividing cash flow by the average number of shares outstanding

(6) Book value per share was calculated by dividing shareholders' equity by the number of shares outstanding at year-end

(7) Earnings per share – Basic was calculated by dividing net income by the weighted average number of shares outstanding during the year

(8) Earnings per share – Fully diluted was calculated by dividing net income plus imputed interest by the weighted average number of shares outstanding during the year giving effect to the exercise of all outstanding options

(9) Price earnings ratio was calculated by dividing year-end closing price by earnings per share

(10) Thousands omitted

Directors

Stan G. Dunford
President
Contrans Corp.

Robert B. Burgess, Q.C.
Barrister and Solicitor

Paul C. Canney
President
Filter Pure Limited

Archie M. Leach
President and C.E.O.
Carroll Health Care Inc.

Gregory W. Rumble
Executive Vice-President
Contrans Corp.

Officers

Stan G. Dunford
Chairman of the Board and
President

Gregory W. Rumble
Executive Vice-President

D. Jamieson Miller
Secretary-Treasurer

James S. Clark
Vice-President Finance

Principal Office

1179 Ridgeway Road
Woodstock, Ontario
N4S 8P6
(519) 421-4600

Transfer Agent and Registrar

Montreal Trust
100 University Avenue
Toronto, Ontario
M5J 2Y1

Annual Meeting

The annual meeting of Shareholders
will be held at
the Four Seasons Hotel
21 Avenue Road
Toronto, Ontario
4:30 p.m. on Thursday,
December 14, 2000

Annual Information Form

A copy of the Company's Annual
Information Form for Fiscal 2000
may be obtained without charge
upon written request to the
Company.

Printed in Canada

Contrans Corp.
1179 Ridgeway Road, Woodstock, Ontario N4S 8P6
Tel: (519) 421-4600   Fax: (519) 539-9220